



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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Republican Plans for Revised Budget Resolution Mean Deeper Cuts

Dear Democratic Colleague:

At a hearing yesterday, the Chairman of the House Budget Committee announced his intention – in the aftermath of Hurricane Katrina – to amend the budget resolution with further cuts in mandatory and discretionary spending. For appropriated spending, Chairman Nussle proposes cuts across the board. For mandatory programs, Chairman Nussle proposes to raise the reconciled spending cuts in the budget resolution from \$35 billion to \$50 billion.

The budget resolution for 2006 already cuts domestic discretionary spending \$6.4 billion below the level provided in 2005 and \$14.5 billion below the amount needed to keep pace with inflation. A further across-the-board cut – such as two percent – will yield only \$7.5 billion. Congress would have to cut domestic discretionary spending by 19 percent below the President's level for 2006 to offset the \$70.8 billion in emergency funding and tax relief approved so far for Hurricane Katrina. While a cut of one or two percent across the board will cover only a fraction of the cost of hurricane relief, it would reduce funding for education, law enforcement, environmental protection, and many other essential programs.

The budget resolution for 2006 also already calls for \$35 billion in mandatory spending cuts, a target that the authorizing committees are struggling to meet, as even some Republicans express concerns about cuts to programs like Medicaid, student loans, and food stamps. An additional \$15 billion in spending reductions will mean deeper and more harmful cuts to programs such as these.

Long before Hurricane Katrina, the budget resolution called for \$35 billion in mandatory spending reduction as a *partial* offset to the \$106 billion in tax cuts included in the budget resolution, \$70 billion of which is facilitated by fast-track reconciliation procedures. Unless Chairman Nussle's budget amendment deletes the \$106 billion provision for additional tax cuts, the extra mandatory cuts will not go to offset the cost of Katrina; they will be used to facilitate additional tax cuts.

There is an inconsistency in how Congress seeks to finance hurricane relief versus other emergencies. Congress has approved – and I supported – various supplementals to fund operations in Iraq, which have not been offset. Congress has approved various tax cuts, despite their contribution to the deficit, which have not been offset. So, the question comes: why offset the cost of rebuilding Biloxi but not the cost of rebuilding Baghdad?

If the budget resolution is to be revisited, we should reinstate the pay-as-you-go (PAYGO) rule and require all new tax cuts to be fully offset, so that they do not worsen the deficit.

One principle should rule whatever amendments are made to offset the cost of Hurricane Katrina. The cost of this disaster should be spread equitably across our entire population, making this a sacrifice we all share, and not loading the cost on those least able to bear it.

The precise content and timing of the budget resolution amendment in the House have not yet been announced, nor has its possible effect on the timing of action on reconciliation. The Senate has not yet announced any intention to take up an amended budget resolution. I will keep you informed as new information becomes available. In the meantime, if you have any questions do not hesitate to contact me or the House Budget Committee's Democratic staff.

Sincerely,

/s

John M. Spratt, Jr.

Ranking Democratic Member